

Message Text

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ACTION EA-12

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INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 2538

E.O. 11652: GDS
TAGS: ETRD, EARL, CH, US

SUBJ: BUSINESS ACTIVITY REPORT; OCTOBER

REF: PEKING 2327

1. SUMMARY. DURING OCTOBER, THE CENTER OF BUSINESS
ACTIVITY -- ESPECIALLY ON THE BUYING SIDE -- SHIFTED
TO CANTON. US BUSINESSMEN ATTENDED THE CANTON FAIR IN
LARGE NUMBERS . (DEVELOPMENTS AT THE FAIR ARE BEING
REPORTED BY SEPTELS.) IN PEKING, MANY US BUSINESS
VISITORS LIKE GIVING SEMINARS AND OTHER TECHNICAL
PRESENTATIONS IN FIELDS SUCH AS AIRCRAFT, AGRICULTURAL
MACHINERY, AND TECHNICAL EQUIPMENT WITH INDUSTRIAL
AND
SCIENTIFIC APPLICATIONS. CHINESE INTEREST IN
OILFIELD EQUIPMENT REMAINED HIGH. FEW CONTRACTS
WERE CONCLUDED DURING THE MONTH, BUT THE CHINESE
DID MAKE LARGE PURCHASES OF FARM EQUIPMENT AND
ARTIFICIAL FIBERS FROM US FIRMS. OTHER
DEVELOPMENTS INCLUDED THE FIRST CONCILIATION
OF A US-PRC TRADE DISPUTE AND A SUCCESSFUL
VISIT BY A GROUP OF SENIOR BUSINESSMEN FROM THE
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MIDWEST. END SUMMARY.

2. MNSP. JOHN DEWNE. VICE PRESIDENT HANS BECHERER
TOGETHER WITH DIVISION SALES MANAGER RICK

THOMPSON NEGOTIATED AN UNSPECIFIED, BUT APPARENTLY LARGE, CONTRACT TO SELL FARM MACHINERY. SOME OF THE EQUIPMENT (\$1.3 MILLION DOLLARS WORTH) SCHEDULED FOR DECEMBER SHIPMENT IS TO BE USED TO MECHANIZE A LARGE (1,000 HECTARES) MECHANIZED UNIT IN HEILUNGKIANG NORTHEAST CHINA FOR SPRING PLANTING IN 1978. IN ADDITION, 20-30 MACHINES OF VARIOUS TYPES WERE PURCHASED FOR USE THROUGHOUT CHINA. CONTRACT INCLUDES TRAINING IN US FOR THREE PRC TECHNICIANS, BEGINNING IN SPRING 1978.

3. CELANESE. USLO HAS LEARNED FROM TWO SOURCES THAT CELANESE HAS SOLD \$40 MILLIONWORTH OF POLYESTER FIBER.

4. BOWEN TOOLS. FIRM SOLD \$400,000-\$750,000 WORTH OF OILFIELD EQUIPMENT; BELIEVES MUCH LARGER FUTURE SALES ARE LIKELY.

5. MCDONNELL DOUGLAS. A TEAM FROM DOUGLAS AIRCRAFT DIVISION CONSISTING OF DONALD KROKUS, DIRECTOR OF SALES - PACIFIC AND ASIA; M. STONE, DIRECTOR, DESIGN ENGINEERING STRUCTURES; AND SEVERAL OTHERS SPENT APPROXIMATELY THREE WEEKS IN PEKING. PRIMARY PURPOSE OF VISIT WAS TO GIVE TECHNICAL SEMINARS ON SUBJECTS RELATING TO CONFIDENTIAL

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AIRCRAFT STRUCTURES, AIRFRAMES, AND ENGINES.

6. DAMON/IEC DIVISION. DIRECTOR OF INTERNATIONAL OPERATIONS LASZLO J. SCHMIDT VISITED PEKING TO DISCUSS SALE OF CENTRIFUGES. FIRM HAS AN ARRANGEMENT WITH HUNGARIAN CORPORATION MOM. CHINESE WISH TO PLACE PURCHASE THROUGH HUNGARIAN FIRM, EVEN THOUGH PRODUCT IS BASICALLY MANUFACTURED IN US. THIS ARRANGEMENT WOULD RAISE PRICE ABOVE NORMAL LEVEL (APPROXIMATELY \$500,000) FOR THE QUANTITY CHINESE WANT TO BUY. SCHMIDT LEFT PEKING WITHOUT CONCLUDING SALE, BUT EXPECTS TO RETURN LATER.

7. VISHAY INTERTECHNOLOGY. PRESIDENT FELIX ZANDMAN LED A TEAM OF FOUR DURING TWO WEEK VISIT TO PEKING UNDER CCPIT AUSPICES. TEAM MEMBERS GAVE SEMINARS ON MODERN TECHNIQUES OF EXPERIMENTAL STRESS ANALYSIS. TEAM ALSO DISCUSSED FIRM'S LINE OF OPTICAL AND ELECTRONIC STRESS MEASUREMENT EQUIPMENT, USED IN AERONAUTICAL AND MANY OTHER APPLICATIONS. CHINESE SEMINAR

PARTICIPANTS SEEMED MORE INTERESTED IN THEORETICAL ASPECTS OF STRESS MEASUREMENT THAN IN INDUSTRIAL APPLICATIONS OF VISHAY'S EQUIPMENT. FIRM REP DID, HOWEVER, HAVE OPPORTUNITY TO MEET WITH FOURTH IMPORT SECTION OF MACHIMPEX AND SEEMED REASONABLY OPTIMISTIC ABOUT POSSIBLE FUTURE SALES.

8. B & F SALES CORP. PRESIDENT EUGENE FRANK VISITED PEKING OCTOBER 16-30 TO DISCUSS SYSTEMS FOR TESTING GAS TURBINES, WHICH CHINESE WOULD PROBABLY USE FOR LONG-LINE GAS TRANSMISSION. EQUIPMENT PACKAGE B&F SELLS INCLUDES A DIGITAL EQUIPMENT CORPORATION (DEC) COMPUTER WORTH ABOUT CONFIDENTIAL

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\$80,000 WHICH CHINESE MUST PURCHASE SEPARATELY. TOTAL SYSTEM COSTS SEVERAL HUNDRED THOUSAND DOLLARS. FRANK WAS INVITED BY TECHIMPORT; ALSO TALKED WITH END-USERS FROM NORTH CHINA. FIRM HAS SOLD SIMILAR SYSTEMS IN USSR AND EASTERN EUROPE.

9. ENDEVCO CORPORATION. A TEAM HEADED BY PRESIDENT JOHN SAUNDERS ARRIVED IN PEKING OCTOBER 28 FOR A ONE WEEK VISIT. MAIN PURPOSE OF TRIP WAS TO SUPERVISE INSTALLATION OF ACOUSTIC EMISSION INSTRUMENTATION SOLD TO THE CHINESE (EQUIPMENT IS SET UP IN AERONAUTICAL INSTITUTE). CHINESE AGREED THAT FIRM REPS COULD GIVE SEMINARS ON (1) SHOCK AND VIBRATION TECHNOLOGY- APPLICATION AND INSTRUMENTATION AND (2) ACOUSTIC EMISSION TECHNOLOGY - CHARACTERISTICS AND APPLICATIONS.

10. IBM. BOARD CHAIRMAN FRANK CAREY AND A SMALL PARTY VISITED PEKING FOR A FEW DAYS IN LATE OCTOBER AND EARLY NOVEMBER. PURPOSE OF VISIT WAS PRIMARILY TO MAKE COURTESY CALLS ON CHINESE OFFICIALS AND TOURISM, RATHER THAN TO CONDUCT BUSINESS. (IBM TEAM WHICH HAD BEEN NEGOTIATING WITH MACHIMPEX FOR SEVERAL WEEKS LEFT PRC DURING PERIOD OF CAREY'S VISIT). CAREY MET WITH FOREIGN MINISTER HUANG HUA, MACHIMPEX GENERAL MANAGER LIU CHING, AND OTHER OFFICIALS DURING HIS STAY; ALSO VISITED COMPUTER CENTER OF PEKING UNIVERSITY. ASSISTANT TO CAREY TOLD USLO CHINESE SEEM MORE INTERESTED IN BUYING TECHNOLOGY RATHER THAN HARDWARE; FIRM, ON THE OTHER HAND, IS NOT INTERESTED IN SELLING TECHNOLOGY AND THEREFORE CONFIDENTIAL

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ANTICIPATES ONLY LIMITED MARKET FOR ITS PRODUCTS
IN CHINA.

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C O N F I D E N T I A L SECTION 2 OF 2 PEKING 2538

11. DAEDALUS ENTERPRISES. FIRM REPRESENTATIVE
JOHN T. SMITH SPENT SEVERAL WEEKS IN PEKING
AND BY THE END OF THE MONTH SEEMED ON THE
VERGE OF MAKING A LARGE SALE OF INFRA-RED LINE
SCANNING EQUIPMENT. ACLI INTERNATIONAL VICE
PRESIDENT C.Y. CHOU ASSISTED MR. SMITH.
DETAILS REPORTED SEPTEL.

12. ROLLINGON. ONE REPRESENTATIVE WAS STILL IN
PEKING THROUGHOUT THE MONTH DISCUSSING PARTS
FOR 30 VEHICLES SOLD IN AUGUST. MOST OF THE
VEHICLES (26) WHICH CARRY HEAVY LOADS IN
MARSHY AREAS, ARE BEING USED IN SEISMIC
EXPLORATION AROUND TACHING AND SHENGLI. THE
OTHER FOUR ARE USED FOR MOVING PIPE.

13. BAKER TRADING. FIRM REP STAN MILLS HAS
RECEIVED NINE INQUIRIES FOR OFFSHORE PLATFORMS
AND EQUIPMENT.

14. FMC. WALTER CHAN, REPRESENTING FIRM,
ATTEMPTED TO INTEREST MINMETALS IN PURCHASING
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SUS STEEL PRODUCTS. CHINESE SAID PRICE WAS TOO
HIGH.

15. OTHER SELLERS. CATERPILLAR'S BILL YOUNG AND
A TEAM OF FOUR ARRIVED LATE IN THE MONTH TO
DISCUSS SALES OF DIESEL AND GAS ENGINES. HENRY
WENDT, PRESIDENT OF SMITH KLINE CORP., DISCUSSED
POSSIBLE SALES OF PHARMACEUTICALS IN PEKING
AND SHANGHAI.

BUYERS

16. SAMUEL HABER'S SONS. MR. HABER SPENT ONE
WEEK IN PEKING DURING SEPTEMBER AND BOUGHT
SOMEWHAT OVER A MILLION YARDS OF COTTON
GREIGE GOODS FOR SHIPMENT OVER A THREE
MONTH PERIOD COMMENCING IN NOVEMBER.

17. WORLD IMPEX CORPORATION. PRESIDENT HY W.
KLIMAN SAID HE HAS AN EXCLUSIVE DISTRIBUTORSHIP
TO SELL CHINESE BOWLING SHOES IN THE US. HIS
FIRM HAS EXPERIENCED PROBLEMS WITH TIMELY
DELIVERIES AND SHORT SHIPMENTS.

18. OTHER BUYERS. HERB NEWMAN OF NEWMAN &
SCHOON TALKED WITH LIGHT INDUSTRY ABOUT CARPET
PURCHASES. A MR. SCHARF, IDEAL MANUFACTURERS,
DISCUSSED FLASHLIGHTS AND BATTERIES WITH THE
SAME CORPORATION. MR. ANDREW M. HAY, PRESIDENT
OF CALVERT, VAVASSOUR, MET WITH SEVERAL
CORPORATIONS ABOUT THE VARIOUS PRODUCTS HIS
FIRM IMPORTS (SEE ALSO PARA 22).

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DELEGATIONS AND OTHER VISITORS

19. PLAINS COTTON COOPERATIVE ASSOCIATION (PCCA).
GENERAL MANAGER DAN DAVIS AND PCCA ATTORNEY WILLIAM
BLACKLEDGE VISITED PEKING TO RESOLVE A CLAIMS
DISPUTE BETWEEN PCCA AND CHINATEX OVER A SHIPMENT
OF AMERICAN COTTON IN 1974. PCCA REPS WERE

ACCOMPANIED BY WASHINGTON D.C. ATTORNEY WALTER SURREY, NATIONAL COUNCIL FOR US-CHINA TRADE'S LI MAY PHIPPS, AND TWO OFFICIALS FROM THE AMERICAN ARBRITRATION ASSOCIATION. THIS WAS THE FIRST TIME CHINESE AGREED TO JOINT US-CHINESE CONCILLATION EFFORT. PCCA REACHED AGREEMENT AFTER APPROXIMATELY TEN DAYS OF DISCUSSIONS WITH CCPIT LEGAL DEPARTMENT OFFICIALS, WHO SERVED AS CONCILIATORS ON CHINESE SIDE. SEE PEKING 2454.

20. MID-AMERICA COMMITTEE. DELEGATION HEADED BY THOMAS H. MINER -- THE SECOND IN TWO YEARS -- VISITED PEKING FOR ONE WEEK BEGINNING OCTOBER 24. HOSTED BY CCPIT, DELEGATION INCLUDED SENIOR EXECUTIVES AND WIVES FROM MAJOR MID-WEST BASED FIRMS SUCH AS CARGILL, CUMMINS DIESEL, BUDD, HELENE CURTIS, ABBOT LABORATORIES, AND GOULD. BANKING, OILFIELD DRILLING EQUIPMENT, AND RETAILING FIRMS ALSO REPRESENTED. GROUP MET WITH VICE MINISTER OF FOREIGN TRADE WANG JUN-SHENG, CCPIT CHAIRMAN WANG YAO-TING, AND CHINESE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS PRESIDENT HAO TE-CHING. INDIVIDUAL DELEGATION MEMBERS ALSO HAD OPPORTUNITY TO MEET WITH TRADING CORPORATION OFFICIALS RELEVANT TO THEIR RESPECTIVE LINES OF BUSINESS. USLO ACTING CHIEF HOSTED RECEPTION ON OCTOBER 28. DELEGATION DEPARTING PEKING ON OCTOBER 29 TO VISIT NANKING, SHANGHAI, AND CANTON.

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21. NATIONAL COUNCIL FOR US- CHINA TRADE. VICE PRESIDENT STANLEY YOUNG SPENT A FEW DAYS IN PEKING PRIOR TO HIS ATTENDANCE AT THE CANTON TRADE FAIR.

22. AMERICAN IMPORTERS ASSOCIATION. PRESIDENT ANDREW M. HAY MET MFT, CCPIT, AND TRADING CORPORATION OFFICIALS IN HIS AIA CAPACITY AS WELL AS DOING BUSINESS FOR HIS OWN FIRM.

23. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.
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Message Attributes

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